

5. Attached hereto as Exhibit 1 ("Ex. 1") is a true and correct copy of excerpts of the Bank's Form 10-K for the fiscal year ended December 31, 2009. Attached hereto as Exhibit 2 ("Ex. 2") is a true and correct copy of excerpts of the Bank's Form 10-Q for the period ending September 30, 2010.

6. The Bank has entered into bond purchase agreements with state housing authorities in both Wisconsin and Illinois. As of September 30, 2010, commitments with the Wisconsin Housing and Economic Development Authority totaled \$174 million, and commitments with the Illinois Housing Development Authority totaled \$55 million.

7. The Bank's primary source of funding is the sale to the public of FHLB debt instruments, known as consolidated obligations, which are the joint and several liability of all twelve Federal Home Loan Banks. *See* Ex. 1 at 14-15. The Bank is not permitted to issue individual debt unless it has received regulatory approval, which it has not pursued since 2006. Instead, the FHLB Office of Finance (OF), a joint office of the 12 FHLBs located in Reston, Virginia, issues and services all debt securities for the FHLBs. *See id.* at 28. For the nine months ended September 30, 2010, the Bank's net proceeds from the OF's issuance of these consolidated obligations totaled \$988 billion. *See* Ex. 2 at 6. As of September 30, 2010, the consolidated obligations for which the Bank was primarily liable totaled over \$79 billion, accounting for 92.5% of the Bank's total liabilities. *See id.* at 3.

8. Since 1997, the Bank has operated a multi-billion dollar nationwide Mortgage Partnership Finance® (MPF®) Program, under which the Bank has acquired mortgage loans originated by and through its members, as well as the members of the Federal Home Loan Bank of Dallas, and has acquired participation interests in loans acquired by nine Federal Home Loan Banks from or through their members. Through the MPF Program, the Bank has

acquired, and currently holds, MPF mortgage loans secured by properties in all 50 states, Washington D.C. and Puerto Rico. *See* Ex. 1 at 79. As of September 30, 2010, the largest concentration of MPF loans were secured by properties located in Wisconsin, representing 17% of the par value of the Bank's MPF loans. As of September 30, 2010, 89% of all MPF loans held by the Bank were secured by properties outside the state of Illinois.

9. As of September 30, 2010, the Bank held \$20.13 billion in MPF loans, which accounted for nearly 23% of the Bank's total assets. *See* Ex. 2 at 3. For the nine months ended September 30, 2010, the MPF loans had generated \$751 million in interest income, representing 36% of the Bank's total interest income. *Id.* at 9.

10. The Federal Home Loan Banks of Boston, Des Moines, New York, Pittsburgh and Topeka, which cover twenty states and two territories, actively participate in the Bank's MPF Program. *See* Ex. 1 at 9. The Bank has entered into agreements under which the Bank provides programmatic and operational support to these other FHLBs in its role as MPF Provider. *Id.* at 9-10. In this role, the Bank establishes the structure of the MPF products offered by these other FHLBS, as well as the eligibility requirements for FHLB members to participate in the MPF Program. *Id.* at 10. The Bank also is the master servicer and master custodian of all MPF loans – including those of nine other FHLBs – and maintains the infrastructure through which the participating FHLBs may fund or purchase MPF loans through their members. *Id.*

11. In 2008, the Bank introduced the MPF Xtra® product under which it purchases MPF loans from its members and members of participating FHLBs and concurrently sells them to Fannie Mae. *See* Ex. 1 at 8-9. The Bank acts as master servicer for the MPF loans owned

by Fannie Mae, which, as of September 30, 2010, are secured by properties in 48 states plus the District of Columbia.

12. Each Federal Home Loan Bank ("FHLB") is a discrete commercial entity. Each FHLB makes its own decisions about litigation strategy.


13. The Bank has different shareholders, different directors, different officers, and different governance than does the Federal Home Loan Bank of Des Moines ("FHLB Des Moines")

14. The Bank did not participate formally, or informally, in *Ewing v. FHLB Des Moines*, No. 4:09-cv-106 (S.D. Iowa 2009) or *O'Connor Enter. Group v. Spindustry Sys. Inc.*, Civ. No. 4:09-CV-01483 (S.D. Tex. May 18, 2009). The Bank made no effort to coordinate legal strategies with FHLB Des Moines in either action and had no opportunity to protect its own interests in either action.

15. The Bank was not aware that FHLB Des Moines had taken any legal position with respect to the "sue and be sued" clause in 12 U.S.C. § 1432(a) until the issue was raised by defendants in similar litigation involving the Federal Home Loan Bank of Seattle. *See Federal Home Loan Bank of Seattle v. Deutsche Bank Securities, Inc.*, --- F. Supp. 2d ----, 2010 WL 3512503, at *1 (W.D.Wash. Sep 01, 2010).

I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 16, 2010.



ROGER D. LUNDSTROM
Executive Vice President, Financial
Information and Chief Financial Officer
Federal Home Loan Bank of Chicago

CERTIFICATE OF SERVICE

I hereby certify that on December 17, 2010, I electronically filed the foregoing
DECLARATION OF ROGER LUNDSTROM IN SUPPORT PLAINTIFF'S MOTION TO
REMAND with the Clerk of Court using the CM/ECF System, which will send notification of
such filing to all attorneys of record at their email addresses on file with the Court.

Dated: December 17, 2010

s/ Amy Williams-Derry
Amy Williams-Derry